FILED
5-18-16
04:59 PM

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider Alternative-Fueled Vehicle Programs, Tariffs, and Policies.	R.13-11-007 (Filed November 14, 2013)

COMMENTS OF THE UTILITY REFORM NETWORK ON THE AMENDED SCOPING MEMO AND RULING OF THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE

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May 18, 2016

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COMMENTS OF THE UTILITY REFORM NETWORK ON THE AMENDED SCOPING MEMO AND RULING OF THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE

I. INTRODUCTION

Pursuant to the Assigned Commissioner and Administrative Law Judge's Scoping Memo and Ruling issued in this docket on March 30, 2016 ("Amended Scoping Memo"), TURN offers these limited comments in response to the questions posed in Appendix B of the Amended Scoping Ruling. Specifically, TURN addresses Questions 1 and 2 below. TURN supports targeted and cost-effective utility involvement in sectors where the utility is able to affect transportation electrification pursuant to SB 350. Regarding the passenger vehicle sector, additional ratepayer funded utility applications should only be sought after the existing pilot programs[1] have been completed and if deemed necessary. Any additional programs should be designed to incorporate the data gathered and lessons learned from the pilot programs. Any utility transportation electrification programs that are funded by ratepayers should focus on leveraging core utility competencies and should be sized at a scale that minimizes the risk of stranded assets in the face of emerging technologies.

II. RESPONSES TO QUESTIONS IN APPENDIX B OF THE AMENDED SCOPING RULING

1. In what ways should the Application Guidance Straw Proposal in Appendix A of this Scoping Memo be modified to better align with the mandates of SB 350?

The Application Guidance Straw Proposal (Straw Proposal) provides a good starting point for a framework for the SB 350 transportation electrification proposals. However, TURN proposes a few modifications to the Straw Proposal, which are primarily focused on ensuring that the issue of ratepayer costs and benefits is explicitly addressed. General Guidance point #3.a.i. "Account for ratepayer interest as defined

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[1] SCE's Charge Ready Pilot Program was approved by D.16-01-023; SDG&E's VGI Pilot Program was approved by D.16-01-045; and PG&E's Application (A.15-02-009) for its Charge Smart and Save Pilot Program is currently pending before the Commission.

in Section 740.8" should include a subsection that requires a discussion of how the proposed program will provide "direct benefits that are specific to ratepayers in the form of safer, more reliable, or less costly gas or electrical service" as discussed in Section 740.8.

TURN also recommends modifying General Guidance point #3.a.iii. to also address EV adoption. In order for ratepayers to benefit from transportation electrification programs, the programs must be necessary to increase EV adoption. Therefore it is essential that a consideration of EV adoption impacts be included in the Straw Proposal. Accordingly, General Guidance point #3.a.iii should be amended to state:

"Prioritize sectors with high <u>EV adoption and</u> emissions reduction potentials."

General Guidance point #2 should be revised to specifically reference leveraging "state and private funds" in addition to "federal funds".[2] The California Energy Commission has issued many grants to support the installation of charging infrastructure and is likely to continue to do so.[3] Also, in accordance with a settlement agreement between NRG and the Commission, NRG is engaging in the Electric Vehicle Charging Station Project. This project involves NRG building 200 DCFC and 10,000 make-ready stubs for L2 chargers at multi-family dwellings (MUDs) and workplaces.[4] NRG is making significant investments in charging infrastructure and any utility charging station program should be coordinated with these investments and should seek to leverage this project to maximize value to ratepayers.

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[2] Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, March 30, 2016, Appendix A.

[3] For example see, California Energy Commission, GFO 15-601 and GFO 15-603, http://www.energy.ca.gov/contracts/GFO-15-601/; http://www.energy.ca.gov/contracts/transportation.html#GFO-15-603. See "Pre-Application Workshop Presentation" slide 13 (GF 15-601) and slide 15 (15-603).

[4] NRG EV Services LLC, Electric Vehicle Charging Station Project, 2015 Annual Report, Submitted March 7, 2016, pp. 1-2.

2. **In light of current industry development and technology availability, should the Commission focus on particular transportation sectors or market barriers (e.g., light, medium or heavy duty vehicles, fuel types, or specific applications), and why?**

The utilities have already proposed and are deploying pilots to build charging infrastructure for passenger electric vehicles (EV's), thus any ratepayer expenditures proposed by utilities should address other vehicle segments such as light-heavy duty (LHD) vehicles. This does not preclude utilities from using non-ratepayer funds, such as low carbon fuel standard (LCFS) credits, to address the passenger EV sector. The Commission should focus its activities where utilities can have the greatest impact on transportation electrification. Accordingly, sectors that likely cannot be influenced by utility programs should not receive ratepayer funds nor be the focus of the Commission. For example, the ICF/E3 "Phase 3-Part A" report states that medium duty (MD) and heavy duty (HD) trucks with long haul routes will be particularly difficult to electrify due to lack of development, higher costs, and logistical concerns, in contrast to light heavy duty vehicles (LHD):

> There are over ten electric delivery trucks and step van models in the LHD sector available in the market today, but options in the MHD and HHD sectors are almost completely limited to demonstration and prototype vehicles. Electrifying these vehicle classes presents a greater technical challenge because of their larger, more powerful engines and long-haul usage patterns with few stops and no fixed route. This usage configuration makes charging logistics particularly difficult.[5]

Ratepayer-funded programs for widespread infrastructure will not solve these issues and are inappropriate for the MHD/HD segment.[6] This does not apply to the LHD market segment, which has a viable path to commercialization and may be an area where utilities can influence transportation electrification. If utilities are directed to address the LHD/MD (medium duty) market segment, they should be required to do a market analysis including the size of the relevant market specific to the utilities' territory, and whether utility programs can influence businesses decisions to adopt electric vehicles.

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[5] California Transportation Electrification Assessment, ICF International/E3 ("ICF/E3 Report"), p. 28.

[6] This does not necessarily apply to truck stop electrification (TSE) "where drivers plug into parking stalls to power their onboard technologies." ICF/E3 Report, p. 12.

Any utility applications to address the LHD/MD markets should reflect a much greater knowledge and understanding of market dynamics than what has been presented to-date in utility applications to build charging infrastructure for passenger vehicles. Utilities should also conduct cost-benefit analyses for proposed programs – this will help parties and the Commission identify key assumptions and risks so they can be addressed and mitigated.

The Commission should direct the utilities to file applications focused *primarily* on programs that do not involve capital investments using ratepayer funds (or only minimally) but can nevertheless achieve important environmental goals. For instance, there are many activities that utilities can undertake to increase transportation electrification without large-scale capital spending involving ratepayer funds, which has been the focus of utility applications in this area to-date. These include, but are not limited to, the following areas, derived primarily from suggestions in the ICF/E3 Phase 3-A Report:

- Creative use of utility LCFS [low carbon fuel standard] credits;
- Improved charging rate structures to increase the reduced fuel cost benefits for drivers;
- Engage with transportation electrification ecosystem partners to improve education efforts;
- Assist customers to lower their electricity bills appropriately
- Pilots to test "battery second life;"[7]
- Work with dealerships to improve knowledge about electric vehicles.

These and other efforts by utilities may be just as useful in helping to spur EV adoption as infrastructure projects that may not be 'additional' or optimally deployed to result in ratepayer and environmental benefits. TURN urges the Commission to take a holistic approach to transportation electrification that accounts for market realities and focuses utilities on efforts where they are likely to have a positive impact on state goals while minimizing risk to ratepayers.

[7] ICF/E3 Report, p. 41.

III. CONCLUSION

TURN appreciates the opportunity to provide these comments. TURN supports efforts to promote transportation electrification and to address barriers to EV adoption that provide tangible value to all ratepayers. TURN looks forward to future participation in this Rulemaking.

Dated: May 18, 2016

Respectfully submitted,

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